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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N. W. – Room 222
Washington, D. C. 20554

Re: *Ex parte*, CC Docket No. 97-121, Application of SBC Communications, Inc., Pursuant to Section 271 of the Communications Act, as amended, To Provide In-Region InterLATA Services in Oklahoma

Dear Ms. Roman Salas:

Please be advised that on April 22, 1998 the attached document was provided to Commissioner Michael Powell and Kyle Dixon, Legal Advisor to Commissioner Powell. The document identifies significant issues related to AT&T's ability to use SBC's operations support systems ("OSSs") in Texas.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

ATTACHMENT

cc: Commissioner M. Powell
Kyle Dixon

Summary of Significant SBC OSS Issues

SBC's OSS development is not complete, nor has SBC proven that its systems are capable of effectively processing CLEC orders. As a result, AT&T has identified the following significant issues related to its ability to use SBC's OSS in Texas. SBC must address and resolve these items in order for AT&T and other CLECs to have access to SBC's OSS under terms and conditions that are just, reasonable and non-discriminatory as required by Sections 251 and 271 of the Act.

Pre-ordering

SBC has not developed the capability over its EDI interface for pre-ordering UNE service. As a result, CLECs must use SBC's proprietary systems, DataGate and VeriGate, which are not integrated with the ordering process, and therefore require the CLEC to manually re-enter pre-order information during the EDI ordering process.

SBC's own Coopers & Lybrand witness testified at deposition that current response times being reported for pre-ordering by SBC –which are longer in certain instances that Cooper's own testing results – could be caused by either congestion in the DataGate server or congestion at the back office system.

Ordering

EDI

SBC's EDI interface does not have flow-through for UNE orders, and SBC must perform manual processing on every UNE order placed by a CLEC. SBC's OSS witness has stated that she does not know whether SBC will complete all three phases of flow-through capability mandated by the PUC by the September 1998 deadline established in the Texas PUC's March 17, 1998 order approving an implementation schedule.

SBC's EDI interface also does not have flow-through capability for partial migration resale orders.

Further, SBC unilaterally changed business rules that AT&T and SBC had negotiated for 13 months for entering POTS orders into EDI. In reliance on its negotiations with SBC, AT&T had worked with SBC to develop data mapping and "eye charts" to capture agreed upon business rules. AT&T also based its own EDI development on the negotiated rules, and has now been forced to work with SBC to analyze the unilateral changes SBC made to the rules so that AT&T's EDI interface will process orders without rejections. This process must now take place at the same time that significant additional development work must be completed by both parties to address the PUC's March 17 implementation order. Significant delay and additional costs have resulted from SBC's actions in this regard.

SBC has also failed to provide CLECs with the business rules they require to develop EDI UNE ordering capability for non-POTS service, such as ISDN and digital services.

In addition, SBC maintains that it will delete critical customer information from its existing databases for CLEC UNE orders. In direct violation of the PUC order approving the AT&T/SBC interconnection agreement, SBC has stated it will not process UNE conversion orders through its EDI interface if AT&T does not populate the customer directory listing information even if AT&T's customer does not request a change to such information. SBC will process these orders as disconnect/reconnect orders, thereby deleting the information from its directory listing database and require AT&T to re-establish that information. This will cause the customer information to disappear from and need to be re-entered into the database that feeds the 911/E911 and white pages databases. This issue raises serious concerns for customers and the public's safety, and it is long past time for SBC to confirm that it will comply with the PUC's requirement that it not delete this critical information.

During the April 1998 OSS demonstrations, SBC did not answer questions from the PUC Commissioners regarding the percentage of errors that arise in SBC's systems during the ordering process or what internal procedures SBC has in place to contact the CLEC about errors. In recent cost proceedings in Oklahoma, SBC witnesses relied on the high fall-out rate being experienced by CLECs when placing electronic resale orders over EDI, for example, to argue for higher service order rates that would assume substantial manual processing and intervention.

LEX

SBC's LEX system, to be used by CLECs for UNE ordering while awaiting SBC's development of EDI, also does not have flow-through capability for UNE orders and is not proven to be capable of processing large volumes of CLEC orders. AT&T and SBC began a UNE trial using LEX in March 1998. Problems have already surfaced, including system down time, lack of SBC's ability to generate firm order confirmations, and order rejections based on discrepancies between SBC's pre-ordering information and its information stored in back end systems.

As became apparent during SBC's April 1998 demonstrations of its OSS, LEX does not flag errors during the ordering process. During the demonstration, SBC could not, among other things, provide an example of the types of errors that its systems would fail to disclose to a CLEC representative, but would then be the basis of a rejection by SBC's down stream systems.

SBC's LEX system cannot be integrated with a CLECs' ordering systems and therefore necessitates dual entry of ordering information by a CLEC representatives into SBC's systems and its own systems.

MODIFIED EASE

On September 30, 1997, the PUC ordered SBC to allow interim access to its proprietary EASE system for UNE loop and port combination orders pending development of its EDI interface. In spite of the lack of readiness of its EDI system, SBC delayed beginning the limited development work necessary to comply with the PUC's mandate until March 1998, and has sought injunctive relief in federal court against having to make EASE available on an interim basis for these orders. Should it decide to comply with the PUC's order on EASE, SBC also intends to require

AT&T to re-submit a service order through EDI (and again pay non-recurring charges for) every single UNE order that it placed (and paid for) using EASE.

SBC's proprietary EASE system requires CLECs to manually perform dual entry of ordering data into SBC systems and their own systems.

SBC has set line limits on the number of resale orders that its EASE interface for business service and for residential service will accept. Business EASE will not accept resale orders for large or complex business service of 30 lines or more or residential orders of more than five lines.

SBC has not disclosed how many residential orders it can process through EASE on an hourly basis.

Other issues

Unreasonable Interference with AT&T's OSS vendor

AT&T retained Ernst & Young to complete additional EDI development work necessary to comply with the Texas PUC's Second Arbitration Award to provide the ordering specificity that SBC has insisted is necessary to process UNE orders and provide wholesale billing. AT&T had also been working with Ernst & Young since February to shorten the EDI implementation schedule in accordance with the intent of the PUC's March 17, 1998 implementation order.

To this end, AT&T had informed the PUC in writing on March 30, 1998 that it would work toward an accelerated schedule that would result in commercial operation of EDI by February 1999, with testing of the interface beginning in December 1998. In that filing, AT&T disclosed that Ernst & Young was responsible for AT&T product management and systems integration in this effort. Within 24 hours of that disclosure, Ernst & Young informed AT&T it would discontinue its services in connection with AT&T's OSS development by April 17, 1998, and would not engage in any further projects with AT&T related to its local market entry initiatives in the state. Ernst & Young said that it made this decision after having been contacted by a client of its accounting services, Mr. Whitacre, Chairman of SBC, regarding the firm's development work for AT&T. As a result of SBC's interference, AT&T has now been forced to evaluate its options for completing its EDI development work in order to enter the market as soon as possible, and will face inevitable and significant development delays and additional costs.

Flip-Flop on Standards

In Texas and Oklahoma, SBC flip-flopped on its positions regarding adherance in the future to mutually acceptable Ordering and Billing Forum (OBF) standards for its OSS, and now seems to indicate that it will require adherence to "SWBT's requirements." On a related issue, SBC has yet to agree to an effective change control process to enable CLECs to manage changes made by SBC to its EDI interface based on evolving industry or SBC-imposed standards. AT&T is attempting to negotiate with SBC the terms of a reasonable change control process.

Lack of procedures for CLEC combining

SBC has also failed to provide CLECs that wish to combine elements themselves with the methods and procedures for access to SBC's network and systems to combine the ordered elements.

Repair and Maintenance

SBC has stated that it will apply the same automated loop testing and trouble isolation that it does for itself only when a CLEC orders 2-wire 8db loops, forcing CLECs to rely on SBC for inferior manual loop testing for other types of loops. In addition, mechanized loop testing will not be available to CLECs wishing to combine elements themselves.

Billing

SBC will not supply CLECs ordering the unbundled local switch with information they require to bill IXCs for access and other carriers for local compensation until April 1999.

SBC has also stated that it will not provide CLECs with electronic formats for all aspects of UNE billing usage until March 1999.

Testing

SBC concedes that its OSS do not have a proven track record of CLEC commercial use, and yet made a decision, according to Coopers & Lybrand, not to maintain any documentation on internal testing of its EDI interface.

AT&T's carrier-to-carrier testing with SBC in 1997 of its EDI interface for business resale orders surfaced numerous problems. Current EDI testing using a simulator in order to better understand the mapping built into SBC's systems has already revealed mapping discrepancies. Similarly, as discussed above, on-going trials with LEX as a means of testing usage rules also has uncovered discrepancies between requirements communicated to AT&T and those built into SBC's systems.

License Requirement

SBC has sought to extend its claim that CLECs must obtain third-party intellectual property licenses to use its UNEs to the use of its OSS. This requirement violates SBC's duty to provide non-discriminatory access to its systems on just and reasonable terms, and is a serious barrier to local entry. It is unclear how or when SBC will seek to enforce this unilateral requirement on CLECs using its systems.